

Message Text

LIMITED OFFICIAL USE

PAGE 01 KINSHA 09605 141440Z

43

ACTION EB-06

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 ISO-00 COME-00 SP-02

AID-05 NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01

OMB-01 CEA-01 CIAE-00 FRB-01 INR-05 NSAE-00 XMB-02

OPIC-03 LAB-01 SIL-01 PA-01 PRS-01 USIA-06 GSA-01

/089 W

----- 106316

R 141312Z NOV 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 109

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY BRUSSELS

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMEMBASSY OTTAWA

AMEMBASSY MANILA

AMEMBASSY CANBERRA

AMCONSUL LUBUMBASHI

LIMITED OFFICIAL USE KINSHASA 9605

E.O. 11652: N/A

TAGS: EMIN ZA

SUBJECT: CIPEC: MINISTERIAL MEETING IN PARIS, NOVEMBER 18

REF: (A) KINSHASA 8791 (B) STATE 235833
(C) CERP EAL (D) KINSHASA

SUMMARY: THE ZAIRIAN MINISTER OF MINES, WHO IS THE GOZ
DELEGATE TO THE CIPEC MINISTERIAL IN PARIS THIS MONTH, HAS
AS MUCH AS TOLD US THAT THE LATEST ROUND OF TALKS IN LIMA
DID NOT RESOLVE THE PROBLEMS INHERENT IN BUFFER STOCK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINSHA 09605 141440Z

SCHEMES, ACROSS THE BOARD PRODUCTION CUTS OR IN THE SET-

TING OF A PRODUCER' PRICE A L'AMERICAINE. NOT THAT CIPEC HAS GIVEN UP ON ANY OR ALL OF THESE METHODS FOR STABILIZING THE PRICE OF COPPER--RATHER, ACCORDING TO THE MINISTER, THE TIME HAS COME FOR CIPEC ACTION WHICH STANDS A CHANCE OF BEING IMMEDIATELY EFFECTIVE. TO THIS END THE MINISTERS WILL CONSIDER A RECOMMENDATION BY THE LIMA WORKING GROUP WHICH IF ADOPTED WOULD RESULT IN EACH CIPEC MEMBER, PLUS CANADA, AUSTRALIA AND THE PHILIPPINES CUTTING EXPORTS TO JAPAN--WHOSE RE-EXPORT POLICIES HAVE DRIVEN DOWN THE PRICE OF COPPER. THE ZAIRIAN DELEGATE ALSO SAID THAT THE JAPANESE FOREIGN MINISTER, WHEN HERE RECENTLY ON AN OFFICIAL VISIT, "PROMISED" THAT JAPAN WOULD CEASE THE EXPORT OF REFINED COPPER IN AMOUNTS THAT WOULD AFFECT THE WORLD PRICE. END SUMMARY

1. THE ZAIRIAN MINISTER OF MINES, D'ZBO, WHO WILL BE THE GOZ'S REPRESENTATIVE AT THE CIPEC MINISTERIAL IN PARIS BEGINNING NOVEMBER 18, HAS TOLD OUR ECONOMIC/COMMERCIAL COUNSELOR THAT THE TIME HAD COME FOR CIPEC TO TAKE SOME ACTION WHICH WOULD SHOW THAT IT IS NOT A PASSIVE ORGANIZATION WHICH MERELY MEETS AT IRREGULAR INTERVALS TO WRING HANDS OVER THE SAD STATE OF COPPER PRICES. SINCE WE HAVE BEEN HEARING THIS STRIDENT TONE FROM THE ZAIRIANS WITH SOME FREQUENCY LATELY--BUT WITHOUT CONCRETE RESULT--D'ZBO WAS ASKED IF THE LIMA MEETING HAD PRODUCED IN ANY SPECIFIC AGREEMENTS ON BUFFER STOCKS, PRODUCTION CUTS, PRODUCER' PRICE OR THE LIKE. THE MINISTER RAN THROUGH THESE OPTIONS ONE AGAIN, BUT ALLOWED AS HOW EACH CONTINUED TO POSE PROBLEMS: FINANCING FOR INTERVENTION STOCKS; DIFFERENCES IN OUTLOOK BETWEEN LOW AND HIGH COST PRODUCER ON THE PRICE SETTING FRONT AND THE FEAR THAT PRODUCTION CUTBACKS WOULD BE MORE THAN THE CIPEC ECONOMIES COULD BEAR. IN SUM, WE RECEIVED THE STRONG IMPRESSION THAT CIPEC IS STILL BENT ON SOME LONGER TERM PRICE STABILIZATION MEASURE(S)--BUT THEY HAVEN'T YET SORTED THEMSELVES OUT.

2. BUT D'ZBO CONTINUED BY SAYING THAT CIPEC, PLUS CANADA, AUSTRALIA AND THE PHILIPPINES, HAD COME TO AN AGREEMENT THAT SOMETHING HAD TO BE DONE ABOUT THE JAPANESE PRACTICE OF IMPORTING SEMI-REFINED COPPER AND RE-EXPORTING REFINED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KINSHA 09605 141440Z

PRODUCT IN AMOUNTS WHICH DROVE DOWN THE PRICE. HE SAID THAT A CIPEC APPROACH TO THE GOJ ASKING FOR VOLUNTARY RESTRAINTS HAD BEEN TURNED DOWN COLD BY THE JAPANESE, AND THAT AS A CONSEQUENCE THE LIMA MEETING HAD PRODUCED A RECOMMENDATION THAT EACH CIPEC COUNTRY PLUS THE THREE MENTIONED ABOVE WOULD CUT EXPORTS TO JAPAN IN VARYING AMOUNTS SO THAT THE JAPANESE WOULD HAVE NO SURPLUS TO RE-EXPORT IN THE FORM OF REFINED COPPER. D'ZBO THEN REPORTED THAT

SUBSEQUENT TO THE LIMA AGREEMENT, MOBUTU HAD TALKED VERY TOUGH TO THE JAPANESE FOREIGN MINISTER WHO VISITED HERE NOVEMBER 3 AND POINTED OUT THAT IF ZAIRE MIGHT BE FORCED TO WITH ADVERSE IMPLICATIONS FOR SODIMIZA, UNLESS THE GOJ FOUND A WAY TO STOP "RE-EXPORTING ITS ECONOMIC PROBLEMS" TO THE COPPER PRODUCING NATIONS. ACCORDING TO D'ZBO, KIMURA "PROMISED" THAT THE GOJ WOULD REFUSE EXPORT LICENSES FOR REFINED COPPER IN THE FUTURE. (SODIMIZA IS THE JAPANESE-OWNED COPPER COMPANY IN ZAIRE WHICH IN 1973 EXPORTED 71,000 MT OF CONCENTRATE TO JAPAN.)

3. COMMENT: AS WE UNDERSTAND IT, CIPEC PRODUCTION, PLUS THE PHILIPPINES, ACCOUNTS FOR MOST OF JAPANESE IMPORTS. IF SO, THEN D'ZBO'S ASSURANCE THAT MANILA HAD AGREED TO GO ALONG WITH THE IDEA OF A CUT-BACK OF EXPORTS TO JAPAN WOULD BE SIGNIFICANT. WE HAVE NO WAY OF KNOWING, HOWEVER, WHETHER THE PHILIPPINES, OR INDEED CANADA AND AUSTRALIA, HAVE DECIDED TO GO ALONG WITH CIPEC. IT IS NOTEWORTHY THAT A CUT IN SUPPLY OF COPPER TO JAPAN WOULD HAVE THE SAME EFFECT AS A CUT WORLDWIDE UNLESS PRODUCER'S EXPORTS TO OTHER COUNTRIES RISE PROPORTIONATELY. KINSHASA 9578 (NOTAL) GIVES A MUCH SOFTER VERSION (FROM THE JAPANESE AMBASSADOR) OF WHAT MOBUTU SAID TO KUMURA ABOUT THE NECESSITY FOR JAPANESE RESTRAINTS IN COPPER EXPORTS AND THE LATTER'S UNDERTAKING TO BRAKE SALES AND KEEP ZAIRE'S INTERESTS IN MIND IN FUTURE TRADING IN COPPER."

HINTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, EXPORTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINSHA09605
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740328-1036
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741144/aaaablak.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) KINSHASA 8791 (B) STATE 235833
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by izenbei0>; APPROVED <13-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIPEC: MINISTERIAL MEETING IN PARIS, NOVEMBER 18
TAGS: EMIN, ZA, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005